Ministry of Agriculture

Annual Report for 2014-15

Government of Saskatchewan

saskatchewan.ca

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Letters of Transmittal

The Honourable Lyle Stewart
Minister of Agriculture

June 22, 2015

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

The Government of Saskatchewan is committed to continuing the steady growth of the province for the people of Saskatchewan, while observing the principals of accountability, transparency and responsible spending.

The 2014-15 Annual Report shows progress towards the commitments that relate to the Ministry as of March 31, 2015.

The initiatives and strategies pursued in 2014-15, and the results that have been achieved, are communicated to the legislature and to the Saskatchewan people through this report. The results from the last fiscal year act as the basis for the initiatives in the next fiscal year and align with the Ministry's long-term strategic plan. This report, therefore, not only demonstrates responsible spending, it also directs future planning and resource allocation.

I respectfully submit the Annual Report of the Ministry of Agriculture for the fiscal year ending March 31, 2015.

Lyle Stewart
Minister of Agriculture

Alanna Koch
Deputy Minister of Agriculture

June 22, 2015

The Honourable Lyle Stewart
Minister of Agriculture

I have the honour of submitting the Annual Report of the Ministry of Agriculture for the fiscal year ending March 31, 2015.

The Ministry's Annual Report was prepared under my direction in accordance with Government's system of planning, measuring and reporting. I am ultimately responsible for the financial administration and management control of the Ministry. All key actions and associated economic or fiscal implications contained in this report are, to the best of my knowledge, accurate and reliable.

Alanna Koch
Deputy Minister of Agriculture

Introduction

This annual report for the Ministry of Agriculture presents the Ministry's results on activities and outcomes for the fiscal year ending March 31, 2015. It reports to the public and elected officials on public commitments made and other key accomplishments of the Ministry.

A renewed vision in the Saskatchewan Plan for Growth – Vision 2020 and Beyond was introduced in October 2012. The 2014-15 Annual Report will be presented in relation to this vision and the goals that guided the development of the 2014-15 Plan.

Results are provided on publicly committed strategies, actions and performance measures identified in the 2014-15 Plan.

The report also demonstrates progress made on Government commitments as stated in the Government Direction for 2014-15: Steady Growth, throne speeches, and other commitments and activities of the Ministry.

The annual report demonstrates the Ministry's commitment to effective public performance reporting, transparency and accountability to the public.

The Ministry Plan for 2014-15 is available at www.finance.gov.sk.ca/Plansfor2014-15.

Alignment with Government's Direction

The Ministry's activities in 2014-15 align with Government's vision and four goals:

Our Government's Vision

To be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life.

Government's Goals

- Sustaining growth and opportunities for Saskatchewan people.
- Meeting the challenges of growth.
- Securing a better quality of life for all Saskatchewan people.
- Delivering responsive and responsible government.

Together, all ministries and agencies support the achievement of Government's four goals.

Ministry Overview

The Ministry of Agriculture's mandate is to foster a commercially viable, self-sufficient and sustainable agriculture and food sector. The Ministry encourages farmers, ranchers and communities to develop higher value added production and processing and promotes sustainable economic development in rural Saskatchewan through better risk management.

Key programs that the Ministry delivered in 2014-15 were:

- Extension services to producers via 10 Regional Offices, seven Satellite Offices and the Agriculture Knowledge Centre (forage, farm business management, livestock, crops, irrigation);
- Business risk management programs (Crop Insurance, AgriStability, AgriInvest, Western Livestock Price Insurance Program);
- Strategic programming through Growing Forward 2, a cost-shared partnership between federal, provincial and territorial governments designed to support an innovative, competitive and profitable Canadian agriculture and agri-food sector; and
- Research programming (Agriculture Development Fund (ADF), Agriculture Demonstration of Practices and Technologies, support for eight Agriculture-Applied Research Management (Agri-ARM) sites in various parts of the province, Strategic Research Program at the University of Saskatchewan and the Western Beef Development Centre).

The Ministry serves the agriculture and value-added sectors of the economy, which includes approximately 33,100 farms and ranches with sales of more than $10,000, and generates more than $13.1 billion in farm cash receipts in Saskatchewan (2014).

The Ministry partners with many organizations in the development and delivery of its programming. Examples of these include the Saskatchewan Association of Rural Municipalities, Simply Ag and various commodity, marketing and development commissions.

The Ministry budgeted 392.4 full-time equivalents (FTE) to deliver its programs and services in 2014-15. Actual utilization for 2014-15 came in at 384.3. The underutilization was mainly the result of FTE management across the Ministry.

Progress in 2014-15

Government Goal: Sustaining Growth and Opportunities for Saskatchewan People

ENHANCED LONG-TERM GROWTH, COMPETITIVENESS AND SUSTAINABILITY OF THE INDUSTRY

Targeted investment in infrastructure, science and innovation.

Support the Global Institute for Food Security in developing and implementing its strategic research initiatives and priorities.

- A $2 million dollar investment in GIFS enabled it to further define and implement its mission to develop new knowledge for sustainable food solutions by increasing sustainable crop production, building a prosperous bio-economy in Western Canada and enhancing global food and nutrition security through innovation and international collaboration.

In support of the Saskatchewan Plan for Growth goals and objectives, implement sector driven strategies (Crops, Livestock, Irrigation and Value-Added Strategies) that increase investment in Saskatchewan, and contribute to the benefits from the growing demand for food, feed, fuel and fibre.

- Signed a new five-year framework agreement for the Canada – Saskatchewan Irrigation Diversification Centre (CSIDC). In 2014, scientists at CSIDC conducted several field research trials that will lead to increased crop production on irrigated land.
- Provided certification and on-farm design services to industry, leading to an additional 1,350 acres of infill capacity and 1,258 additional acres of irrigated land to benefit producers.
- Published several technical articles in the Agriview and Crop Production News publications aimed at helping producers increase crop production and utilize crop inputs more efficiently.
- Worked with industry to develop and share production best practices, which helped Saskatchewan farmers produce a 30.7 million tonne crop, the second highest in recorded history.
- Hosted an agri-value workshop and networking reception in April 2014, which provided insights on emerging issues facing the agri-value industry.
- Completed a study assessing the value-added industry in agriculture, which provided recommendations for capitalizing on opportunities in processing and agri-food manufacturing.
- Provided $9 million under Growing Forward 2 (GF2) to support the expansion of the Saskatchewan Food Industry Development Center (Food Centre) in Saskatoon. This non-profit organization provides assistance to food processors wanting to add value to their products for domestic and/or international markets.
- Provided investment payments totaling $4.1 million for the Farm and Ranch Water Infrastructure Program (FRWIP). These investments help farmers, ranchers, First Nation bands, rural municipalities and irrigation districts develop long-term, reliable sources of water to support their agriculture businesses.
- Distributed $801,000 in funding through the Farm Stewardship Program to help producers better manage their farms and maintain or improve the quality of soil, water and air.

- Distributed $3 million in funding through the Saskatchewan Lean Improvements in Manufacturing (SLIM) Program to help agribusinesses adopt best-practice technologies and value-added processes.
- Distributed $535,000 through the Food Safety Systems Program to help Saskatchewan meat slaughter and processing facilities to maintain and enhance food safety.

Assist the livestock industry in dealing with emergency events by implementing livestock traceability and premise identification systems.

- Developed the new Premises Identification database, which allows for real time locating of livestock and poultry facilities across the province. This system will help producers efficiently manage livestock emergencies in Saskatchewan.

Develop disease response protocols to improve industry participation and readiness to deal with emerging events.

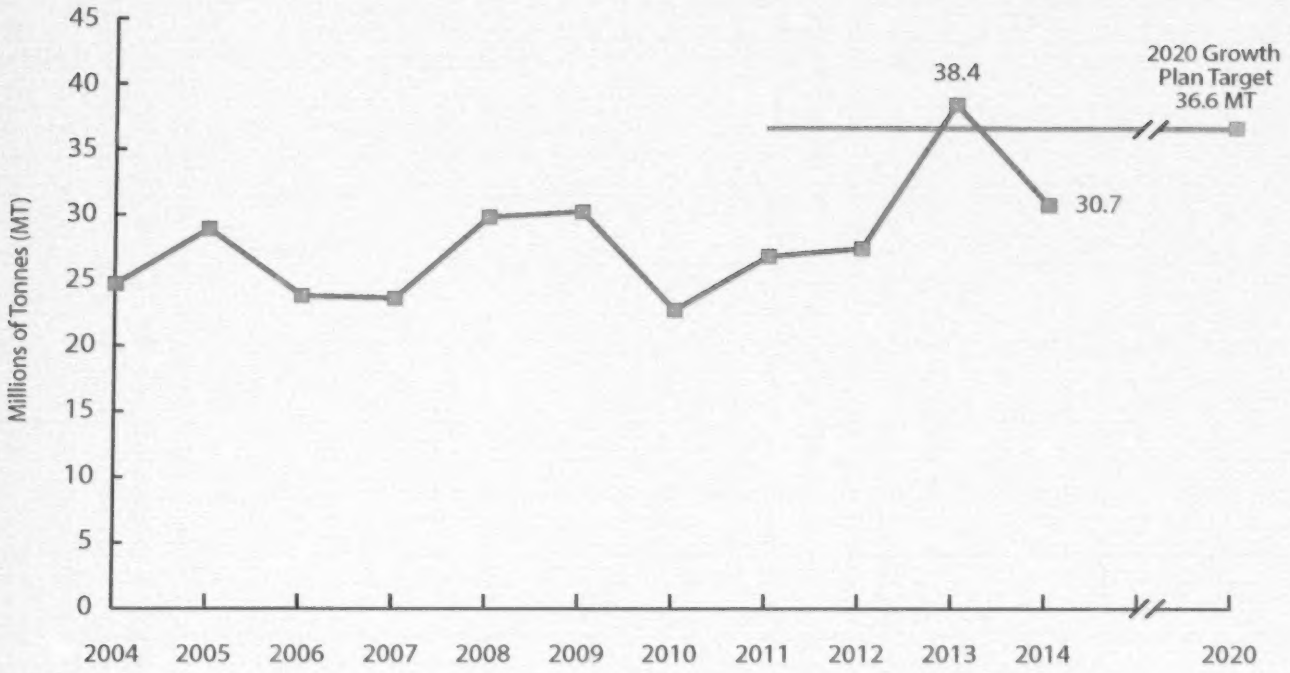
- Developed provincial disease response plans for rabies, Porcine Epidemic Diarrhea (PED) virus and anthrax, which will help to minimize the impact on producers in the event of an outbreak.
- Implemented beef and swine bio-security programs to help eligible producers prevent livestock diseases by providing financial assistance for veterinary consultations.
- Assist the crops industry by implementing enhanced pest surveillance and diagnostic services.
- The Crop Diagnostics Lab received more than 800 samples for disease, weed or insect assessment, which helps producers better manage their crops' needs.
- Ministry specialists organized or participated in pest monitoring and surveys for significant crop insect pests and crop diseases. This information helps producers make sound decisions on crop selection, rotation, fungicide application and pest control.

Facilitate research and technology transfer to achieve production and bio-science targets as listed in the Saskatchewan Plan for Growth.

- The Ministry and Agriculture and Agri-Food Canada committed $10.6 million in new funding through GF2 for 72 ADF research projects. This research resulted in livestock feeds with improved nutritive value and specialized crops that improve the competitiveness of Saskatchewan's grain and oilseed producers.
- Invested in the province's eight regional Agri-ARM sites to increase the adoption of best practice production tools and techniques by farmers.

Performance Measure & Results

ANNUAL CROP PRODUCTION



A key goal of The Saskatchewan Plan for Growth is to increase crop production by 10 million tonnes by 2020.

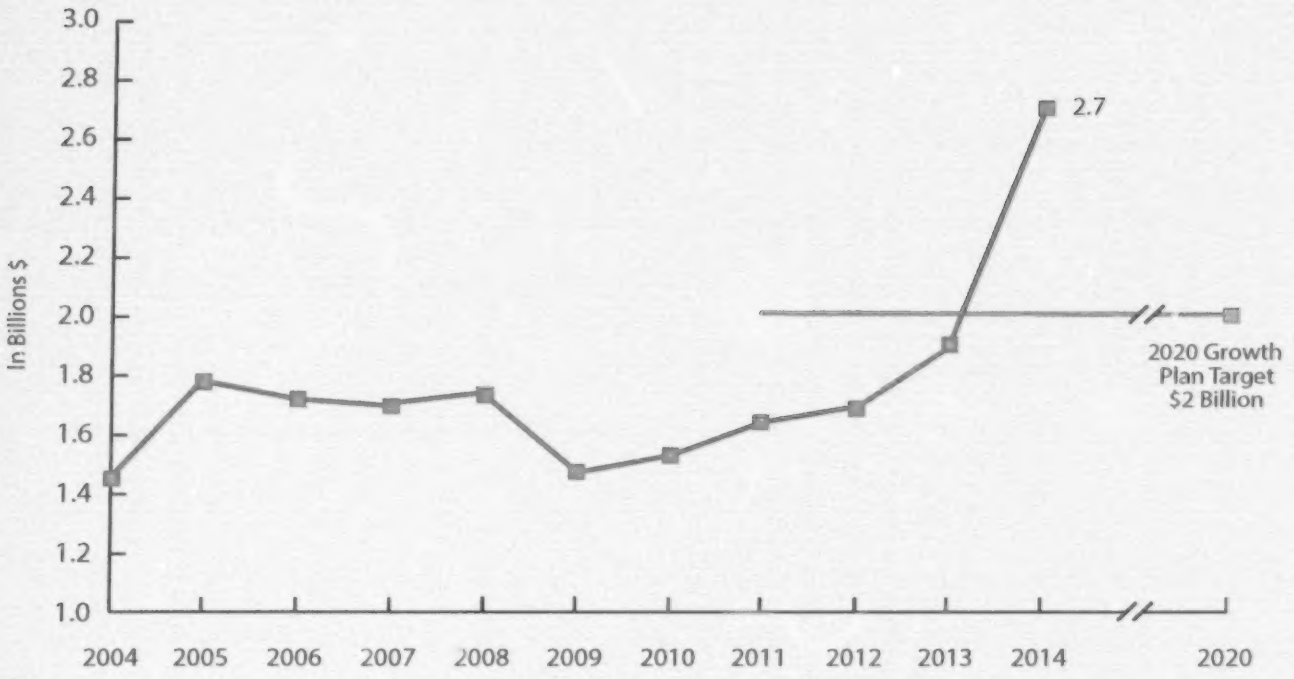
In 2014, Saskatchewan producers harvested the second largest crop in the province's history, 30.7 million tonnes, above the previous five-year average. There are many variables that go into producing a successful crop with weather being one of the most important. The challenge for the Ministry will be working with producers and industry to achieve and sustain crop production at, or above, the growth plan target over the long-term.

The Ministry will use its resources to emphasize the importance of adopting the best crop management and protection practices for both irrigated and dryland production that will result in increased profitability and crop production in Saskatchewan.

Government of Saskatchewan

Performance Measure & Results

ANNUAL LIVESTOCK SECTOR REVENUE



Source: Cansim Table 002-0001 – Farm cash receipts, annual (Dollars), 1971 to 2012

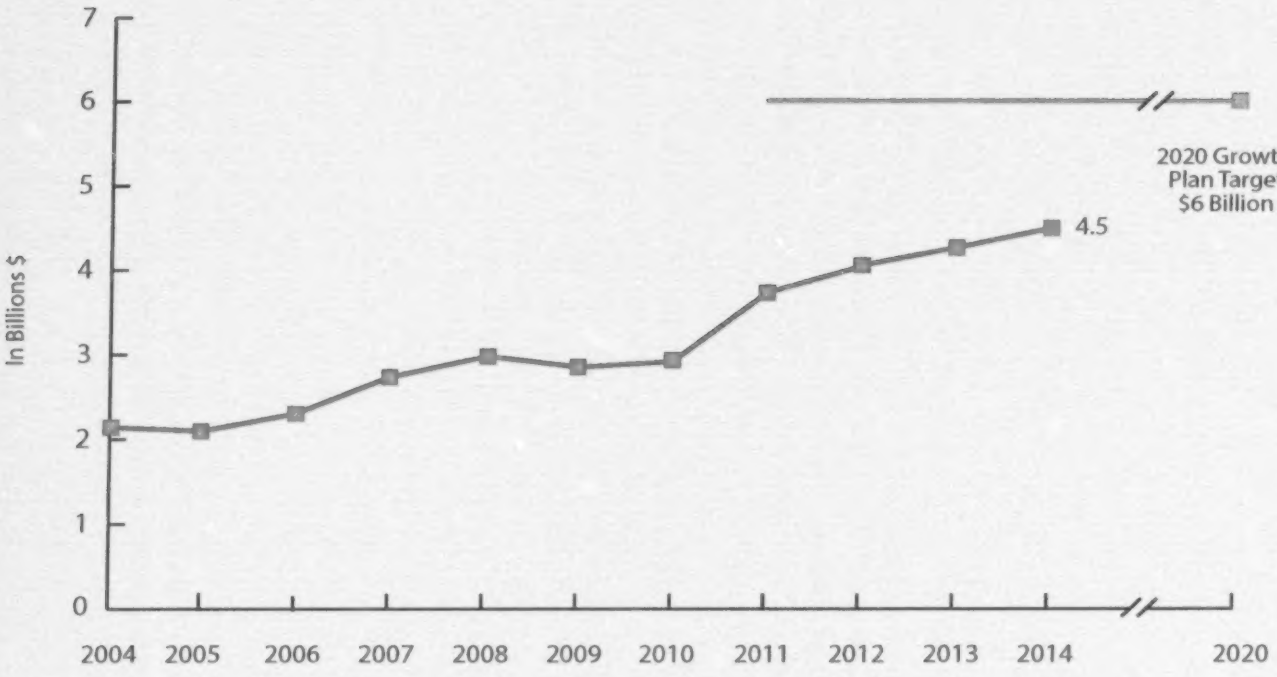
The Saskatchewan Plan for Growth calls for significant growth in the livestock herd and expanded livestock feeding. The target for the livestock industry is to exceed $2 billion in annual farm cash receipts by 2020. Annual revenue has risen dramatically from $1.7 billion in 2012, to $1.9 billion in 2013 and $2.7 billion in 2014. Record high cattle prices are the primary reason for the large revenue increase in 2014.

With significant global population growth anticipated over the next 30 years some countries are expected to experience significant increases in income which will likely result in an increased demand for meat protein. Saskatchewan has 21 million acres of pasture and forage land that is well suited for livestock production. This provides an excellent opportunity for Saskatchewan to supply this growing demand.

The Ministry will use its resources to emphasize the importance of adopting the best livestock management, production and protection practices that will result in increased profitability and livestock production in Saskatchewan.

Performance Measure & Results

ANNUAL VALUE-ADDED REVENUE



Source: Statistics Canada

Saskatchewan's agri-food exports are driven by the sale of raw commodities; however, the timing is also right to grow our agriculture value-added (processing) sector. A strong value-added industry will allow Saskatchewan to take advantage of the opportunities that come with an increasing demand for food, feed, fuel and fibre, as well as grow our domestic and international markets.

The Ministry has developed an Agriculture Value-Added Strategy, with the goal to capture economic value beyond primary production through value-added processing and innovation. The Strategy will do this by:

- Building on our existing strengths in primary agriculture;
- Attracting investment, developing infrastructure, creating new knowledge and opportunities;
- Capturing value closer to home, thereby increasing economic benefits to producers, agri-business and the people of Saskatchewan; and
- Increasing the value-added sector's contribution to Saskatchewan's Gross Domestic Product (GDP), in a way that is stable and sustainable.

Government of Saskatchewan

Total revenue of value-added agriculture activity has grown from $2.3 billion in 2004 to $4.5 billion in 2014. The dramatic growth has been due to the rapidly growing canola crush industry. By 2020, such parallel growth is unlikely within existing canola crush capacity. However, as primary production of canola continues, there is opportunity for additional crush capacity. To meet our target of 40 per cent increase in total revenue, or $6 billion by 2020, processing of all crop commodities will need to occur. In addition to canola oil crush and refining, this includes milling of grain and malt production, ingredient fractionation from pulses and other crops, animal food manufacturing and meat processing.

It is anticipated that the target for increased revenue will send a compelling signal to industry, the research community and other governments that the value-added sector has significant growth opportunities and will be an important contributor to the success of the Saskatchewan Plan for Growth.

Government Goal: Sustaining Growth and Opportunities for Saskatchewan People

ENHANCED TRADE ADVOCACY

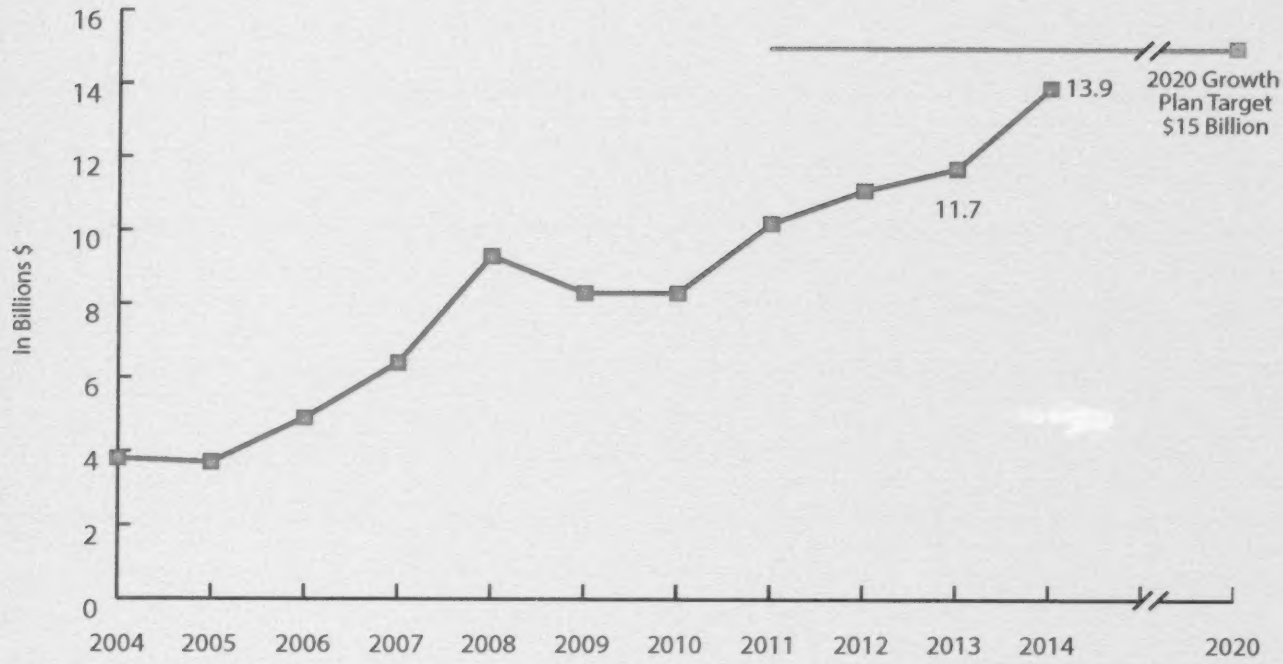
Support industry to enhance trade in priority markets.

Work with industry, other ministries, provinces and the federal government to promote Saskatchewan's trade policy objectives.

- Undertook U.S. Country Of Origin Labelling (COOL) trade advocacy efforts as part of the Canada-U.S. Working Group at the Tri-National Accord. The Ministry worked with states and provinces to establish working groups for collaboration and information sharing on:
  - Porcine Epidemic Diarrhea virus;
  - Transportation; and
  - Bee/pollinator health.
- Organized and participated in trade advocacy efforts at the Pacific North West Economic Region (PNWER) Agriculture Working Group meeting in Whistler, British Columbia.
- Supported the Ministry of Justice and Executive Council in the successful challenge of Quebec's regulations that restricted the sale and marketing of dairy substitutes, ensuring that Saskatchewan producers have equal and fair access to all markets in Canada.
- Worked closely with industry contacts and Executive Council to identify and promote Saskatchewan market access objectives in the Trans Pacific Partnership negotiations and the Canada-European Union negotiations for a Comprehensive Economic and Trade Agreement.
- Worked closely with the Saskatchewan Trade and Export Partnership and Agriculture and Agri-Food Canada's Market Access Secretariat to find solutions to trade and market access issues facing their members.
- Held consultations with Saskatchewan industry groups to identify market access and trade policy issues that require collaborative resolution.
- Partnered with industry to participate in trade missions to China and India to promote investment and market development.

Performance Measure & Results

VALUE OF AGRI-FOOD EXPORTS



Source: Statistics Canada

Under the Saskatchewan Plan for Growth, the province established a target of $15 billion in agri-food exports by 2020.

The target to increase agri-food exports builds on the other Plan for Growth targets related to our traditional strengths in primary production and ongoing efforts to expand value-added activity in the province. With forecasted growth in world populations and income levels, global demand for food and agricultural-related goods is anticipated to increase. The aim of the Ministry is to position the sector to take advantage of these emerging opportunities by expanding market presence, influencing federal trade negotiations and collaborating with the private sector.

In order to meet the Growth Plan target, exports will need to grow by approximately $500 million per year. In 2014, Saskatchewan's agriculture exports set another record with exports of $13.9 billion, up 19 per cent from $11.7 billion in 2013. Saskatchewan's growth in exports was fueled by record production levels and rising global demand in 2013-14. Among Saskatchewan's major agri-food products, wheat, canola and lentils accounted for the most significant gains in export value. Saskatchewan is well positioned to meet its export growth target by 2020.

Government Goal: Meeting the Challenges of Growth

IMPROVED PUBLIC PERCEPTION OF AGRICULTURE

Partner to promote the benefits of agriculture.

Develop and implement an agriculture awareness communications and marketing strategy.

- The Ministry designated an Agriculture Awareness Champion in each Regional Services office to lead local agriculture projects and develop partnerships with educators and industry.
- Provided approximately $190,000 in funding to promote the Ministry's Agriculture Awareness campaign through the Agriculture Awareness Initiative Program.
- Promoted agriculture awareness through the Ministry's Agriview newsletter, outreach events like Ag in the City and Farm to Fork - events designed to educate students and consumers on where their food comes from.

Partner with industry stakeholders to enhance educational resources, programming and training.

- The Ministry increased funding for the educational program Agriculture in the Classroom, to $200,000 per year, allowing for a 14 per cent increase in student outreach.
- Provided funding for the establishment of Farm and Food Care Saskatchewan, resulting in the organization of the farming and food industry to cultivate awareness and appreciation with Saskatchewan consumers.

Identify and promote career opportunities in agriculture to youth.

- The Ministry launched Saskatchewan.ca/thinkag and a *think*AG Facebook page to encourage Saskatchewan students, youth and young professionals to consider a career in agriculture.
- Developed partnerships with Agriculture in the Classroom, Prairie South School Division, Canadian Western Agribition and industry stakeholders, resulting in direct contact with nearly 900 students.
- Enhanced the sector's presence on SaskCareers.ca by profiling the diverse range of career options that the agriculture industry has to offer.
- Provided $10,000 through the Ministry's Agriculture Student Scholarship program to support students pursuing post-secondary studies in agriculture-related programs.

Performance Measure & Results

PUBLIC UNDERSTANDING OF AGRICULTURE AS MEASURED BY THE PERCENTAGE OF SASKATCHEWAN RESIDENTS WITH A POSITIVE PERCEPTION OF AGRICULTURE

In 2013, 2014 and 2015 the Ministry conducted an Agriculture Awareness Poll where more than 800 Saskatchewan respondents, representative of the province by gender, age and region, completed 10 questions on their perception of agriculture, through omnibus polling.

In the 2013 poll, 89 per cent, in the 2014 poll, 87 per cent and in the 2015 poll 89.6 per cent of Saskatchewan people agree or strongly agree with the following statement: *I have a positive perception of Saskatchewan agriculture.* In general, older respondents were more positive about the industry. Overall these polls show little change in the public perception of agriculture and, while positive, indicate that there continues to be a need to focus on this area.

Another Agriculture Awareness poll is scheduled for 2016.

Agriculture has and will continue to play a critical role in Saskatchewan's growth and identity. Today, agriculture is a progressive, modern, and market driven industry, yet the average citizen is removed from direct food production. Therefore, it is often sensational media stories that influence the public's opinion of the agriculture industry and our food supply and, as a result, the public is liable to be exposed to information that may be erroneous, inaccurate, fabricated or biased.

The Ministry is working to provide the public with factual information about the importance, relevance and sustainability of the province's agricultural industry in order to improve the publi understanding of agriculture-related issues and earn social licence. Efforts directed at youth are intended to provide education on the science of agriculture as well as the multitude of diverse career and entrepreneurial opportunities the sector offers.

Government Goal: Responsive and Responsible Government

ENHANCED CLIENT SERVICE

Efficiently develop and deliver effective programs and services.

Implement livestock price insurance for the cattle and hog industries.

- Offered Western Livestock Price Insurance availability to cow/calf, feedlot and hog operators. Administered by Saskatchewan Crop Insurance Corporation (SCIC), this program enables Saskatchewan livestock producers to protect themselves against unexpected price declines while still being able to take advantage of potentially favourable market conditions.

Develop an integrated digital presence that allows the Ministry to better serve stakeholders and clients.

- In 2014, the Ministry implemented a digital strategy which improved client service by providing timely and accurate information to producers using modern technology.
- The Ministry Twitter account reached 4,000 followers in 2015, an increase of more than 1,500 in the past year. In October 2014, the Ministry reached the social media milestone of 1,000 tweets.
- Regional Stay Connected and Crop Production News were transitioned to electronic newsletters and a new e-newsletter for stakeholders, Exchange, was created, all of which can be accessed by mobile devices.

- In January 2015, the Farm Business Development Initiative (FBDI) web portal was launched to provide clients with online access to information and program tools.
- Hosted 35 regional extension workshops through online webinars. More than 1,200 clients watched the webinars, both live-streamed and recorded.
- The Ministry's Regional Services Branch responded to more than 22,000 inquiries during 2014-15, providing clients with valuable information about the broad range of programming that is offered.
- Implemented an online application for the Agriculture Development Fund, which provides project funding on a competitive basis to researchers in public and private research and development. The new online system makes it easier to apply for funding and complements opportunities for collaboration between co-funders to better leverage government dollars for important agriculture projects.

Facilitate the transition of land formerly operated under the federal Community Pasture Program back to the Province and to patron operation.

- The Ministry transitioned 11 federal Community Pastures to provincial administration and established leases with patron entities. The pasture transition provides patrons with the flexibility to lease or purchase their pasture with the added benefit of a 15-year fixed lease term.

Performance Measure & Results

PERCENTAGE OF CLIENTS SATISFIED WITH PROGRAMS AND SERVICES

2015 Client Services Survey: A total of 1,002 surveys were completed. According to the survey, 52 per cent of producers surveyed were satisfied with the Saskatchewan Ministry of Agriculture.

2012 Client Services Survey: A total of 1,002 surveys were completed. According to the survey, 66 per cent of producers surveyed were satisfied with the Saskatchewan Ministry of Agriculture.

2008 Client Services Survey: A total of 753 producers were surveyed. According to the surveys, 39 per cent of producers who had accessed Saskatchewan Agriculture programs and services answered either satisfied or completely satisfied to the following question:

- How would you rate your overall satisfaction with Saskatchewan Agriculture service delivery, using a five point scale where one means not satisfied at all and five means completely satisfied?

The next client satisfaction survey is planned for 2017.

The goal of the Ministry is for 75 per cent of all producers surveyed to be satisfied with the Saskatchewan Ministry of Agriculture by 2017. The Ministry offers many programs and services designed to assist farmers and ranchers, including a wide variety of publications (both print and electronic), customer service telephone lines, specialist services and program development. Technological advancements in areas such as social media, smart phones, tablets and online transacting are happening at a rapid pace. As technology changes, the Ministry will continue to update its service and information delivery systems to ensure clients' needs are being met, and programs and services are supportive of their overall agricultural operations.

2014-15 Financial Overview

Expenses:

During 2014-15, the Ministry of Agriculture incurred expenses of $355.3 million, which is $16.3 million under the original expense budget of $371.6 million. Reductions in expenditures consisted of a $15.3 million reduction in Growing Forward 2 expenses; $8.5 million in operational savings realized across the Ministry; $3.8 million in reduced AgriStability administration; $1.8 million in reduced Crop Insurance administration; $1.1 million for reduced Industry Assistance program spending and $0.5 million for decreased bad debt expense.

Offsetting these expenditure reductions were an additional $14.4 million to fund programs under Business Risk Management (BRM): primarily AgriInvest, AgriStability and Wildlife Damage Compensation offset by a slight decrease in Crop Insurance premiums, and a $0.3 million increase for the Agricultural Crown Land Sale Program incentive.

The following table provides a summary of expenses:

	Original Budget ($000's)	Actual ($000's)
Personal Services	26,589	23,825
Supplier and Other Payments	18,484	14,494
Transfers to Individuals	236,315	231,633
Transfers for Public Services	87,867	82,924
Amortization Expense	2,375	2,414
Total	**371,630**	**355,290**

Revenue:

In 2014-15, the Ministry collected $124.9 million in revenue; down $13.2 million from the Budget Estimate of $138.1 million. The decreased revenue is primarily attributed to a $7.8 million decrease in federal funding under Growing Forward 2 and administration revenue for AgriStability and Crop Insurance, partially offset by unbudgeted revenue from the transfer of land improvements from the federal pasture program; a $5.0 million reduction due to the timing of the Agricultural Credit Corporation of Saskatchewan dividend; a $4.4 million decrease in petroleum and natural gas surface lease revenue; and a $0.3 million decrease in revenue from land sales.

Offsetting these decreased revenues is an increase of $4.7 million due to the refund of prior years' expenses primarily for AgriStability and Canadian Agricultural Income Stabilization (CAIS) from the federal government.

Full Time Equivalents (FTEs):

The Ministry budgeted 392.4 FTEs to deliver its programs and services, with actual utilization for 2014-15 coming in at 384.3. The underutilization was mainly the result of FTE management across the Ministry.

Ministry of Agriculture Schedule of Revenue and Expenditures		2013-14 Actuals $000s	2014-15 Estimates $000s	2014-15 Actuals $000s	Variances over (under) $000s	Notes
Revenue						
Land Revenue:						
Crown Land Sales	$	26,114	15,746	15,444	(302)	1
Rent and Penalty on Land Leases		30,376	34,800	30,355	(4,445)	2
Land Licenses and Permits		510	375	473	98	3
Interest		45	35	21	(14)	
Receipts from Federal Government		62,810	78,996	71,232	(7,764)	4
Privileges, Licenses and Permits		185	155	183	28	
Sales, Services and Service Fees		1,368	280	211	(69)	5
Interest Revenue		468	450	325	(125)	6
Other Revenue		14,525	7,065	1,764	(5,301)	7
Refund of Previous Year Expenditures		1,553	185	4,887	4,702	8
Total Revenue	$	137,954	138,087	124,895	(13,192)	
Expenditure						
Central Management and Services	$	9,998	11,265	9,500	(1,765)	1
Industry Assistance	$	5,874	7,571	6,444	(1,127)	2
Land Management						
Land Management Services	$	4,246	5,177	4,435	(742)	3
Land Revenue Bad Debt Allowances		341	500	4	(496)	4
Crown Land Sale Incentive Program		1,880	300	608	308	5
Subtotal	$	6,467	5,977	5,047	(930)	
Policy and Planning	$	2,953	3,005	2,734	(271)	6
Research and Technology						
Project Coordination	$	1,003	945	944	(1)	
Research Programming		27,645	25,776	34,334	8,558	7
Subtotal	$	28,648	26,721	35,278	8,557	

Government of Saskatchewan

2014-15 Financial Schedules

		2013-14 Actuals $000s	2014-15 Estimates $000s	2014-15 Actuals $000s	Variances over (under) $000s	Notes
Regional Services						
Regional Services	$	29,371	40,333	22,559	(17,774)	8
Financial Programs						
Financial Programs Management	$	19,547	33,648	20,750	(12,898)	9
Business Risk Management						
Crop Insurance Program Delivery	$	32,635	31,310	29,471	(1,839)	10
Crop Insurance Premiums		171,398	134,100	134,528	428	11
AgriStability Program Delivery		23,085	21,585	17,824	(3,761)	12
AgriStability		22,095	21,100	30,887	9,787	13
AgriInvest		37,779	34,140	38,304	4,164	14
Subtotal	$	286,992	242,235	251,014	8,779	
Budget Appropriation	$	389,850	370,755	353,326	(17,429)	
Supplementary Estimates/Special Warrants	$	-	-	-	-	
Statutory Adjustment	$	-	-	-	-	
Total Revised Appropriation	$	389,850	370,755	353,326	(17,429)	
Capital Asset Acquisitions	$	(841)	(1,500)	(519)	981	15
Amortization of Capital Assets	$	2,317	2,375	2,414	39	
Other	$	37	-	69	69	
Total Revised Estimates and Expenses	$	391,363	371,630	355,290	(16,340)	
FTE Staff Complement (FTE-Full Time Equivalent)		423.5	392.4	384.3	(8.1)	1

Financial Schedules - Notes

Explanations of variances which exceed $50,000 between Estimates and Actuals.

Revenue

1. Decreased acres sold due to higher average sales prices.

2. Decrease in Petroleum and Natural Gas Surface leases.

3. Increase in the sale of land with resource considerations.

4. Decreased revenue from the federal government for non-BRM programs under Growing Forward 2, AgriStability administration and Crop Insurance administration partially offset by increased revenue for Western Livestock Price Insurance Program administration and the transfer of land improvements related to the Canada Pasture Program.

5. Decreased revenue due to the amount of irrigation fees received being less than the amount recorded as receivable in the prior year partially offset by higher land sales fees.

6. Lower interest revenue due to a decrease in the outstanding receivable balances.

7. No dividend received from the Agricultural Credit Corporation of Saskatchewan and decreased revenue from the reimbursement of petroleum and gas revenue from the Pastures Revolving Fund.

8. Due to recovery of overpayments of prior years' AgriStability/CAIS payments to the federal government and a reduction in the liability for prior years' AgriInvest program payments.

Expenditure

1. FTE management, and savings in accommodations and other operating expenses.

2. Decreased funding under the Agriculture Awareness, Industry Organization Development Fund and invasive plants programs under Growing Forward 2.

3. Decreased system development costs partially offset by higher salary costs and other operating expenses related to the transition of the federal pasture program.

4. Decreased bad debt allowance due to higher collection of outstanding accounts.

5. Higher than expected Agricultural Crown Land Sale Program incentives as a result of the finalization of land sales under the program.

6. FTE management and savings in other operating expenses.

7. Increased Growing Forward 2 funding due to Saskatchewan Food Industry Development Centre grant.

8. Decrease due to Growing Forward 2 funding transferred to other areas, FTE management and operational savings.

9. Decrease due to Growing Forward 2 funding transferred to areas, FTE management and savings in contractual services.

10. Decreased Crop Insurance program delivery due to in-year restraint and FTE management.

11. Increased expense due to higher than expected wildlife damage claims.

12. Decreased AgriStability program delivery due to in-year restraint and FTE management.

Financial Schedules - Notes

13. Increased provincial contributions required to fully fund the AgriStability 2014 program year, costs from the original federal government forecast and an increase in AgriStability 2013 program year costs. AgriStability program payments for the 2014 program year of $30,446 have been estimated using economic models which consider the number of program participants, estimated reference margins, estimated claim year margins based on projected forecast commodity prices, crop yields, inventory changes and forecast changes in eligible income and expenses on an aggregate basis for different sectors of the agriculture industry. Based on the above key assumptions and using a statistical model for projections, estimated provincial contributions for the current year would be in the range of $16,300 to $44,600. Estimated program payments for prior program years are based on potential payments for claims not yet processed by Saskatchewan Crop Insurance Corporation.

14. Increased provincial contributions required to fully fund the AgriInvest 2014 program year costs from the original federal government forecast. AgriInvest program payments for the 2014 program year of $38,304 have been estimated using economic models which consider the number of program participants, estimated reference margins, estimated claim year margins based on projected forecast commodity prices, crop yields, inventory changes and forecast changes in eligible income and expenses on an aggregate basis for different sectors of the agriculture industry. Based on the above key assumptions and using a statistical model for projections, estimated provincial contributions for the current year would be in the range of $37,192 to $39,416. Estimated program payments for prior claim years are based on potential payments for claims not yet processed by the federal government.

15. Decrease due to the timing of capital expenditures for website and system development.

FTE Staff Complement

1. Ministry of Agriculture's 2014-15 FTE budget is 392.4. The variance to budget number of (8.1) is the result of FTE management.

For More Information

For more information on Ministry of Agriculture programs and services:

- Contact the Agriculture Knowledge Centre at 1-866-457-2377 or by email at aginfo@gov.sk.ca; or
- Visit the Ministry's website at www.saskatchewan.ca/agriculture.

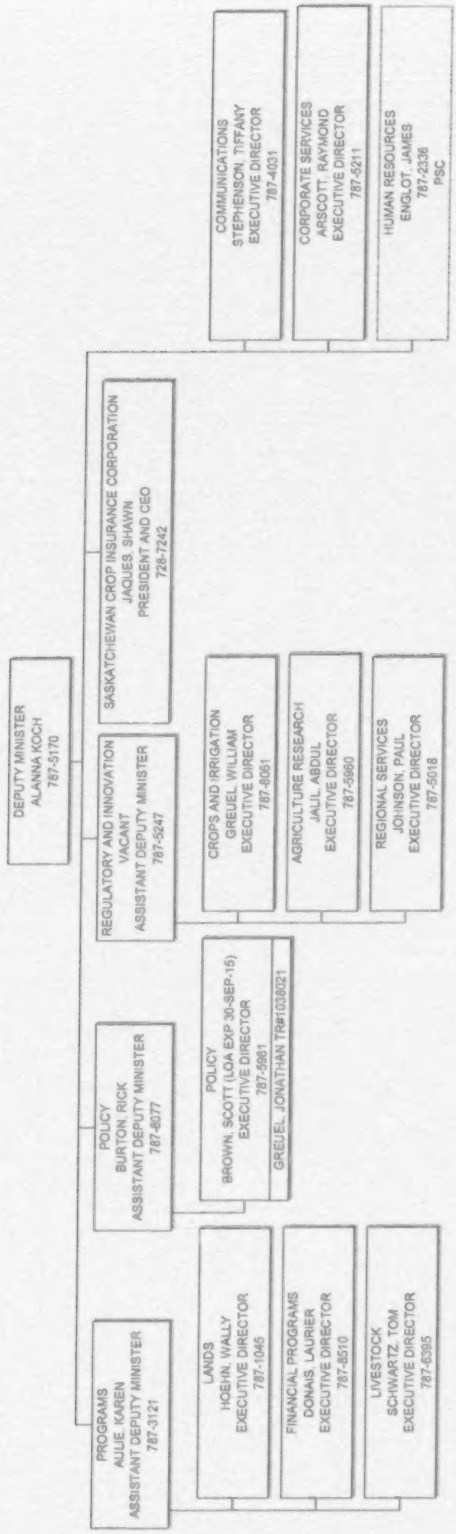
Government of Saskatchewan

Appendices

Appendix A – Ministry Organizational Chart

March 31, 2015

392.4 FTE



Appendix B – Loans & Guaranteed Debt

Livestock Loan Guarantee (LLG) Program

The LLG Program facilitates growth of Saskatchewan's livestock industry by providing producer associations access to credit at favourable interest rates and with limited collateral requirements for purchase of cattle, sheep or bison. The program may also be used as a management tool to generate cash flow through retained ownership options. The LLG program supports increased livestock production by providing guarantees to lenders who make loans to production associations and individual feedlot operators.

During 2014-15, budgeted and actual guarantees under this program were:

Breeder Associations (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	14,000	9,989	
Additions	–	–	
Reductions	–	(580)	
Ending Balance	14,000	9,409	(4,591)

Explanation of Ending Balance Variance:
Program participation is lower as a result of market uncertainty, producers exiting the livestock industry and additional options for financing.

Feeder Associations (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	10,000	5,187	
Additions	–	2,522	
Reductions	(1,000)	–	
Ending Balance	9,000	7,709	(1,291)

Explanation of Ending Balance Variance:
Program participation is lower as a result of market uncertainty, producers exiting the livestock industry and additional options for financing.

Feedlot Construction Loan Guarantees (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	2,000	939	
Additions	–	–	
Reductions	–	(672)	
Ending Balance	2,000	267	(1,733)

Explanation of Ending Balance Variance:
No new feedlot construction has taken place due to current overcapacity in the feedlot sector.

Short Term Hog Loan Program(s)

The Short Term Hog Loan Program(s) supported increased livestock production by providing loans to producers. The initial Short-Term Hog Loan Program (STHLP) that was announced in December 1998, assisted hog producers in offsetting operating losses due to a severe reduction in hog prices at that time. A second hog loan program was announced in November 2002 in response to the high feed prices and depressed market prices that hog producers were experiencing. A third hog loan program was announced in December 2007, again in response to the high feed prices and depressed market prices.

During 2014-15, budgeted and actual loans under this program were:

2008 STHLP outstanding loans (In thousands of dollars)	Budget	Actual	Variance Over (Under)
Beginning Balance	502	440	
Additions	–	–	
Reductions	(502)	(336)	
Ending Balance	–	104	104

Explanation of Ending Balance Variance:
Loan payments lower than anticipated.

Appendix C – Legislation Administered by the Ministry

The Agriculture Administration Act
The Agricultural Credit Corporation of Saskatchewan Act
The Agricultural Equipment Dealerships Act
The Agricultural Implements Act
The Agricultural Leaseholds Act
The Agricultural Operations Act
The Agricultural Safety Net Act
The Agri-Food Act, 2004
The Agrologists Act, 1994
The Animal Identification Act
The Animal Products Act
The Animal Protection Act, 1999
The Apiaries Act, 2005
The Crop Payments Act
The Diseases of Animals Act
The Expropriation (Rehabilitation Projects) Act
The Family Farm Credit Act
The Farm Financial Stability Act
The Farming Communities Land Act
The Grain Charges Limitation Act
The Horned Cattle Purchases Act
The Irrigation Act, 1996
The Land Bank Repeal and Temporary Provisions Act
The Leafcutting Beekeepers Registration Act
The Line Fence Act
The Pastures Act
The Pest Control Act
The Pest Control Products (Saskatchewan) Act
The Prairie Agricultural Machinery Institute Act, 1999
The Provincial Lands Act *
The Sale or Lease of Certain Lands Act *
The Saskatchewan Crop Insurance Corporation Act
The Saskatchewan 4-H Foundation Act
The Saskatchewan Farm Security Act
The Stray Animals Act
The Veterinarians Act, 1987
The Veterinary Services Act
The Weed Control Act

**Joint responsibility*

Appendix D – Special Purpose Funds and Agencies with Legislative responsibilities to Saskatchewan Agriculture

Special Purpose Funds Year End

Horned Cattle Fund

Pastures Revolving Fund

Agencies

Agricultural Credit Corporation of Saskatchewan

Agricultural Implements Board

Agri-Food Council

Crop Reinsurance Fund of Saskatchewan

Irrigation Crop Diversification Corporation

Prairie Agricultural Machinery Institute

Saskatchewan Agricultural Stabilization Fund

Saskatchewan Crop Insurance Corporation

Agencies under the Agri-Food Council

Canaryseed Development Commission of Saskatchewan

Chicken Farmers of Saskatchewan

Saskatchewan Alfalfa Seed Producers Development Commission

Saskatchewan Barley Development Commission

Saskatchewan Beekeepers Development Commission

Saskatchewan Broiler Hatching Egg Producers' Marketing Board

Saskatchewan Canola Development Commission

Saskatchewan Cattlemen's Association

Saskatchewan Egg Producers

Saskatchewan Flax Development Commission

Saskatchewan Forage Seed Development Commission

Saskatchewan Milk Marketing Board

Saskatchewan Mustard Development Commission

Saskatchewan Oat Development Commission

Saskatchewan Pulse Crop Development Board

Saskatchewan Sheep Development Board

Saskatchewan Turkey Producers' Marketing Board

Saskatchewan Wheat Development Commission

Saskatchewan Winter Cereals Development Commission

Sask Pork

Appendix E – Third Party Funding

		($000's)
Industry Assistance Grants		
Budgeted Industry Assistance Grants		3,570
Prairie Diagnostic Services Inc.	2,385	
Saskatchewan 4-H Council Inc.	300	
Agriculture in the Classroom	150	
Canadian Centre for Health and Safety in Agriculture	125	
Budgeted grants $50,000 and under	610	
Miscellaneous Industry Assistance Grants		309
Miscellaneous grants $50,000 and under		
Comprehensive Pest Control Program		
Gopher Control Rebate Program – provides producers, rural municipalities and First Nations bands with 50 per cent reimbursement for eligible gopher control products.		18
Fieldworker Program – support for the control of pests and diseases such as rats, perennial weeds, Hantavirus and Dutch Elm Disease.		1,400
Invasive Plants Program – funding to increase awareness of invasive plants in rural municipalities and to assist in developing multi-jurisdictional management plans for problem spiecies.		364
Black Fly Control Program – funding to purchase and apply chemicals to control the problems caused by black flies and the harm invoked on livestock in northern Saskatchewan.		138
Beaver Control Program – funding to support the removal of problem beavers in the province.		530
New and Emerging Pest Program – funding for assessment, monitoring and control of new or emerging invasive species and agricultural pests in the province.		6
Total Industry Assistance		**6,335**

Research and Development Grants	**27,250**

Funding provided through a number of mechanisms, including the Agriculture Development Fund, to support research and development. Areas of focus include, but are not limited to: improved food quality and safety, decreased agricultural production risk, increased livestock competitiveness and the development of proprietary technology and know-how in novel applications.

Strategic Research Programs	**3,621**

Provides funding to cover the salaries of 15 Research Scientist/Technician teams at the University of Saskatchewan and the Prairie Agricultural Machinery Institute. The program covers four broad research themes including crop genetic improvement, foods and bio-product development, soils/environment and livestock research.

Prairie Agricultural Machinery Institute	**1,023**

Core funding is provided to the Prairie Agricultural Machinery Institute (PAMI) which contributes to their mandate of assisting the agriculture industry through applied research, development and testing. PAMI focuses on farm equipment design, bio-energy and processing as well as livestock production and economics through their relationship with the Western Beef Development Centre.

Ag-West Bio Inc.	**1,500**

Agriculture contributes to Ag-West Bio Inc. to function as a catalyst for Saskatchewan's bioeconomy, helping to move research to market. Entrepreneurs commercializing their innovations come to Ag-West Bio for pathfinding and help creating a sound business plan.

Business Risk Management	**87,015**

Provides the provincial contributions to the AgriStability and AgriInvest Programs.

Crop Insurance	**163,999**

Provides funding for the Saskatchewan Crop Insurance Corporation (SCIC) to administer insurance programs which protect grain and livestock producers from production failures due to natural hazards. SCIC also delivers programs which compensate producers for crop damage caused by big game and migratory waterfowl.

Other Growing Forward 2 Programs	**21,331**
Provides funding for the federal contributions for non-BRM programs under the Growing Forward 2 Framework Agreement with the federal government.	
Agricultural Crown Land Sale Program	**608**
Cost of providing incentives to purchasers of leased Crown land including a two per cent incentive from the sale price and favourable financing terms.	
Miscellaneous	
Crops and Irrigation Branch – provides funding to Irrigation Crop Diversification Corporation for non-district irrigation members.	**100**
Crops and Irrigation Branch – provides funding to irrigation districts for the provision of water to Ducks Unlimited projects.	**192**
Crops and Irrigation Branch – funding to rural municipalities for the rehabilitation of irrigation bridges.	**203**
Lands Branch – provides compensation to rural municipalities and Conservation and Development Authorities for tax levies on vacant patented Crown land and for arrears owed on behalf of former Crown land lessees.	**50**
Livestock Branch – grant to the Saskatchewan Society for the Prevention of Cruelty to Animals in support of investigation of welfare complaints involving livestock.	**530**
Livestock Branch – grant to Livestock Services Saskatchewan in support of the transition of livestock inspection services to industry.	**800**
Total Third Party Funding	**314,557**

Appendix F: 2014-15 New and Amended Regulations

Amended Regulations:

- ***The Pork Industry Development Plan Amendment Regulations, 2014*** – The amendment adds a threshold amount to enable Sask Pork to make loans and financial guarantees.
- ***The Canola Development Plan Amendment Regulations, 2014*** – The amended regulations allow for the Saskatchewan Canola Development Commission to develop new election options such as electronic balloting and electronic voting.
- ***The Winter Cereals Development Plan Amendment Regulations, 2014*** – The amended regulations allow for changes that extend director terms from two to three years in length. The extension is intended to encourage better governance, improve the knowledge, retention and experience of board members.
- ***The Provincial Lands Amendment Regulations, 2014*** – The amended regulations allow the Ministry to develop policy under the Agricultural Crown Land Sales Program (ACLSP).
- ***The Provincial Lands Amendment Regulations, 2015*** – The amendment regulations repealed certain sections in the regulations relevant to The Payment Schedule Guarantee of the ACLSP which ended December 31, 2014.
- ***The Livestock Inspection and Transportation Amendment Regulations, 2014*** – The amended regulations allow for changes to the fees paid for livestock inspection services in Saskatchewan. This enables Livestock Services of Saskatchewan (LSS) to achieve a greater cost recovery for the services they provide.
- ***The Livestock Dealer Amendment Regulations, 2014*** – The amended regulations provide for changes to the fees paid for the administration of the Livestock Dealer Licensing Program. This enables LSS, to achieve a greater cost recovery for the administration of the program.
- ***The Brand Amendment Regulations, 2014*** – the amended regulations will allow for changes to the fee structure for the administration of the brand registry. This enables LSS, to achieve a greater cost recovery for the administration of the program.
- ***The Flax Development Plan Regulations*** – The amendment regulations are housekeeping in nature and were required to allow the Saskatchewan Flax Development Commission to more efficiently serve the flax producers in the province. The amendment was part of a five-year review of regulations under *The Agri-Food Act, 2004*, and added consistency with other agencies under the Act.
- ***The Forage Seed Development Plan Amendment Regulations, 2015*** – The amendment regulations are housekeeping in nature and effectively updated the terms and definitions within the regulations. The amendments are part of a five-year review of regulations under *The Agri-Food Act, 2004*, and added consistency with other agencies under the Act.

- ***The Alfalfa Seed Development Plan Amendment Regulations, 2015*** – The amendment regulations are housekeeping in nature and updated terms and definitions in the regulations. They also added a new section providing for the challenging of election results. The amendments are part of a five-year review of regulations under *The Agri-Food Act, 2004*, to added consistency with other agencies under the Act.
- ***The Saskatchewan Crop Insurance Corporation Amendment Regulations, 2015*** – The amendment regulations allowed for enhancements to the Crop Insurance Program for 2015-16.
- ***The Milk Marketing Products Compositional Standards Regulations, 2014*** – The amended regulations increased transparency associated with obtaining and holding a licence under *The Milk Products Compositional Standards Regulations*. The amendments also repealed unnecessary product standards.

New Regulations:

The Western Livestock Price Insurance Program Regulations – The regulations allowed for the delivery of *The Western Livestock Price Insurance Program*. The program provides a new risk management tool for livestock producers in the province, and is a collaboration between the four western provinces and the federal government.